

V I R G I N I A:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANTS: William & Kimberly Corn
Range Resources-Pine Mountain Inc.

4-0120-1255-01
Docket No. VGOB-~~02-1217-1109~~-01

RELIEF SOUGHT: Issuance of Amended Supplemental Order Amending Prior Orders Affecting Drilling Unit VC-501826 Located in Dickenson County Virginia (herein "Subject Drilling Unit" to Provide: (1) Calculation of Funds UnitOperator Deposited into the Escrow Account For Subject Drilling Unit by Tract Subaccounts; (2) to Applicants a Royalty Accounting; and (3) Disbursement to William and Kimberly Corn and Range Resources-Pine Mountain, Inc. in accordance with their Ownership interests in those funds deposited By the Unit Operator into Subject Drilling Unit's Escrow Subaccount for VGOB Tract 1.

REPORT OF THE BOARD
FINDINGS AND ORDER

1. Hearing Date and Place: This matter came on for hearing before the Virginia Gas and Oil Board (herein "Board") at 9:00 a.m. on May 20, 2008.
2. Appearances: Jim Kaiser, Esq. Appeared for the Unit Operator; and Sharon M. B. Pigeon, Assistant Attorney General, was present to advise the Board.
3. Jurisdiction and Notice: Pursuant to Va. Code SS 45.1-361.1 et seq., and in particular Va. Code SS 45.1-361.21 and 45.1-361.22, the board finds that it has jurisdiction over the establishment and maintenance of escrow account, with tract subaccounts, for each of the coalbed methane gas drilling units established by the Board through its field rules that are subject to a Board pooling order. Further, the Unit Operator is required to deposit, as applicable, those funds specified in Va. Code S 45.1-361.21.D., 45.1361.22.A.2, 45.1-361.22.A.3 and 45.1-361.22.A.4 into the applicable escrow tract subaccounts. The Board finds that: (1) while it does not have jurisdiction to resolve conflicting claims to the ownership of the Coalbed methane Gas produced by the Unit Operator from wells located on Subject Drilling Unit, and (2) while it does not have jurisdiction to interpret agreements by and between the Gas owners/claimants and/or the unit operators or to abridge or contravene the provisions of such agreements, (3) pursuant to Va. Code S 45.1-361.22.A.5, the Board does have jurisdiction and authority to disburse funds from the Escrow Account provided the Board has been provided with a final decision of a court of competent jurisdiction adjudicating the ownership of coalbed methane gas as between the conflicting claimants or an agreement among all claimants owning conflicting estates in the tract in question or any undivided interest therein.
4. Prior Proceedings:
 - 4.1 On December 14, 2004, the Board executed its order pooling interests in the Subject Drilling Unit for the production of occluded natural gas produced from

coalbeds and rock strata associated therewith (herein "Gas") in accordance with the provisions of Va. Code SS 45.1-361.21 and 45.1-361.22 (herein "Pooling Order"). The Pooling Order was filed with the Clerk of the Circuit Court of Dickenson County. The Board executed its Supplemental Order Regarding Elections which was filed with the Clerk on April 27, 2005 in Deed Book 411 at Page 552 (hereafter all orders are collectively referred to as the "Pooling Orders").

- 4.2 To the extent claims to the Gas were in conflict, pursuant to Va. Code S 45.1-361-22 payments attributable to said conflicting claims were ordered deposited by the Unit Operator into the escrow account established by the Pooling Orders (herein "Escrow Account"). According to the Pooling Orders and testimony the coal ownership interests of Range Resources (Pine Mountain Oil and Gas, Inc.) and the oil and gas ownership interests of William and Kimberly Corn in a 32.52-acre tract known as VGOB Tract 1 in the Subject Drilling Unit were in conflict and became subject to the escrow requirements of the Pooling Order.
- 4.3 The Unit Operator's Miscellaneous Petition regarding Tract 1, a copy of which is attached to and made a part hereof, states under oath states that Range Resources (Pine Mountain Oil and Gas, Inc.) and the Applicants have entered into a royalty agreement with regard to Tract 1 and that by the terms of the agreements, Range Resources (Pine Mountain Oil and Gas, Inc.) has entered into a split agreement regarding Tract 1 and escrow regarding the conflicting claims detailed herein is no longer required.
- 4.4 The Unit Operator gave notice to Range Resources (Pine Mountain Oil and Gas, Inc.) and the applicants that the Board would consider its disbursement authorization at its hearing on May 20, 2008 and consider whether to: (1) amend the Pooling Order to provide for the disbursement of funds on deposit in the Escrow Account attributable to Tract 1 as identified in the attached miscellaneous petition (2) delete the requirement that the Unit Operator place future royalties attributable to Tract 1 and the interests of Applicants identified in the miscellaneous petition in the Escrow Account, and (3) continue the escrow account under this docket number because parties other than those seeking disbursement under this order are subject to escrow.
- 4.5 The Unit operator filed the attached accounting for Subject Drilling Unit's Escrow Account with the Board ("Accounting").

5. FINDINGS:

- 5.1 Va. Code 45.1-361-22.5 provides: *The Board shall order payment of principal and accrued interests, less escrow account fees, from the escrow account to conflicting claimants within thirty days of receipt of notification of (i) a final decision of a court of competent jurisdiction adjudicating the ownership of coalbed methane gas as between them or (ii) an agreement among all claimants owning conflicting estates in the tract in question or an undivided interest therein. The amount to be paid to the conflicting claimants shall be determined based on the percentage of ownership interest of the conflicting claimants as shown in the operator's supplemental filing made part of the pooling order that established the escrow account, the operator's records of deposits attributable to those tracts for which funds are being requested, and the records of the escrow*

account for the coalbed methane gas drilling unit. The interests of any cotenants who have not entered into an agreement shall remain in the escrow account.

5.2 Applicant has certified and represented to the Board that:

- (1) Range Resources (Pine Mountain Oil and Gas, Inc.) is owner of the coal owner claim to coalbed methane underlying VGOB Tract 1 of the subject drilling unit.
- (2) William and Kimberly Corn are owners of oil and gas interests in VGOB Tract 1. unit.
- (3) Range Resources (Pine Mountain Oil and Gas, Inc.) and William and Kimberly Corn have entered into a royalty split agreement regarding VGOB Tract 1, and that by that agreement Range Resources (Pine Mountain Oil and Gas, Inc.) has retained 25%, and William and Kimberly Corn have retained 75% of bonuses and/or royalties, if any, deposited by the Unit Operator into the Escrow Account which are attributable to said tract. By terms of the agreement, all future royalties are to be paid according to the split agreement.
- (4) Net interests attributable and to be disbursed to Applicants are shown in Table 1, below:

Table 1

		Agreement	
Owner	Tract	Split	% of Escrowed
William and Kimberly Corn 2707 Sweetbriar Rd, Sophia, NC 27350	1	0.75	7.2196%
Range Resources - Pine Mountain Inc. P.O. Box 2316 Abingdon, VA 24212	1	0.25	2.4065%

6. Relief Granted:

For the reasons set forth in Paragraph 4 and 5 above, and based upon the Accounting, the Escrow Agent is ordered to, within 10 days of receipt of this executed order disburse funds as identified in Table 1 above. Exhibits to the pooling Orders, showing owners subject to escrow, are deleted in toto and replaced with the Exhibit E attached to this order. Further, the Supplemental order filed in this cause is hereby modified to delete the requirement that payments attributable to the conflicting coalbed methane gas ownership interests of the parties identified in the Miscellaneous Petition identified in Paragraph 4.3 above be deposited by the Unit Operator into the Escrow Account, and, **because there are other owners subject to escrow under the Supplemental Order, the Escrow Agent is directed to continue the Escrow Account for the Subject Drilling Unit.** To the extent not specifically granted herein, any other or further relief is denied.

7. Conclusion:

Therefore, the requested relief and all terms and provisions set forth above in Paragraph 6 above be and hereby are granted and IT IS SO ORDERED.

8. Appeals:

Appeals of this Order are governed by the provisions of Va. Code S 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court and that whenever a coal owner, coal operator, gas owner, gas operator, or operator of a gas storage field certificated by the State Corporation Commission is a party in such action, the court shall hear such appeal de novo.

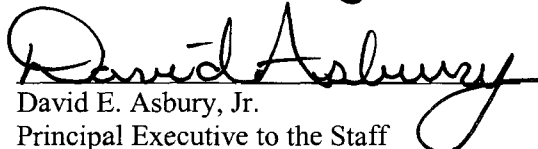
9. Effective Date:

This order shall be effective on the date of its execution.

DONE AND EXECUTED this 27th day of August, 2008 by a majority of the Virginia Gas and Oil Board.

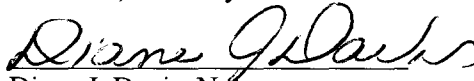

Benny R. Wampler, Chairman

DONE AND PERFORMED this 27th day of August, 2008 by Order of the Board.


David E. Asbury, Jr.
Principal Executive to the Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA
COUNTY OF WASHINGTON

Acknowledged on this 27th day of August, 2008 personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny R. Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board and appeared David E. Asbury, Jr., being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that they executed the same and were authorized to do so.


Diane J. Davis, Notary
174394

My commission expires 9/30/09

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANTS: Equitable Production Company on behalf of
William and Kimberly Corn and Range Resources-Pine
Mountain Inc.

DOCKET NUMBER: VGOB 04/01/20-1255-01

RELIEF SOUGHT: Supplemental Order for Disbursement of Escrowed
Funds on behalf of William and Kimberly Corn and Range
Resources-Pine Mountain

LEGAL DESCRIPTIONS: Drilling Unit Number VC-501826 created by Board
Order Dated January 20, 2004 VGOB 04/01/20-1255 in
Dickenson County, Virginia.

HEARING DATE: May 20, 2008

MISCELLANEOUS PETITION

1. Party: Applicants herein are William and Kimberly Corn, (hereinafter "Plaintiffs), whose address is 2707 Sweetbriar Road, Sophia, NC 27350 and Range Resources-Pine Mountain Inc., whose address is 406 W. Main Street, Abingdon, VA 24212.
2. Facts:
 - a. Equitable was designated as the Operator and Applicants interests were Pooled in the VC-501826 Unit by Order of the Virginia Gas and Oil Board (hereinafter "Board") executed on January 20, 2004, pursuant to Docket No. VGOB 04/01/20-1255 and recorded in the Circuit Court Clerk's Office Dickenson County, Virginia on April 27, 2005 Deed Book 411, Page 552 (hereinafter "Order").
 - b. The order and Supplemental Order required the Escrow Agent named and appointed therein to establish an interest-bearing escrow account for funds pertaining to the above-referenced Unit and subject to escrow pursuant to the terms of the Order.
 - c. The Order and Supplemental Order further required the Operator to deposit bonus and royalty payments with the Escrow agent which could not be made because the person(s) entitled hereto could not be made certain due to conflicting claims of ownership.
 - d. Pine Mountain Oil and Gas, Inc. was a conflicting claimant with the above-listed Plaintiffs with regard to Tract 3, as created by Board Order as VGOB 04/01/20-1255 is the applicable Tract.
 - e. To resolve this conflict, a Letter dated February 14, 2008 signed by Ann Edmisten, a Land Technician of Pine Mountain Oil and Gas, Inc. is attached hereto and incorporated herein as Exhibit "A".

- f. The amounts deposited with the Escrow Agent regarding the Unit need to be determined and distributed accordingly.
- g. Any escrow amount, not yet deposited into the escrow account, held by Operator should also be determined, and distributed to Applicants/Plaintiffs herein, accordingly.
- h. Applicants/Plaintiffs herein do hereby request that the Board enter amended supplemental order for the Unit directing the Escrow Agent and the Operator to disburse to the aforesaid Plaintiff the funds attributable to the previous conflicting claim with Pine Mountain, held in escrow for the VGOB number as listed above.
 - 1. The Applicants certify that the matters set forth in the application, to the best of their knowledge, information, and belief, are true and correct and that the form and content of the Application and conform to the requirements of relevant Board regulations and orders.
 - 2. Legal Authority: Va. Code Ann. §45.1-361.1 et seq., 4 VAC 25-160, and such other regulations and Board orders promulgated pursuant to law.
 - 3. Relief Sought: Applicants request that the Board issue amended supplement order amending all prior orders affecting the Unit which amended supplement order will provide as follows:
 - a. Determining the amount of funds attributable to the Applicants/Plaintiffs herein.
 - b. Directing the Escrow Agent to determine the amount of funds attributable to Applicants/Plaintiffs herein, provide an accounting hereof, and disburse the funds on deposit with the Escrow Agent, including any applicable interest, pertaining to the interest in the Unit shown above for distribution.
 - c. Directing the Operator to determine the amount of funds attributable to the Applicants/Plaintiffs herein, provide an accounting thereof, and disburse the units in its hands, if any, subject to escrow but not then on deposit with the Escrow Agent, including any applicable interest, at the time of the Supplemental Order requested therein is executed, attributable to the Applicants/Plaintiffs herein for distribution.
 - d. Directing the Operator to disburse the funds, including any applicable interest, and provide an accounting thereof, which it may receive after the date of the execution of the amended supplemental order requested in the Application, if any, attributable to the Applicants/Plaintiff herein, and to discontinue the payment of such funds into Escrow.
 - e. Granting such other relief as is merited by the evidence and is just and equitable whether or not such relief has been specifically requested herein.

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Page 3

Dated this 18th day of April 2008.

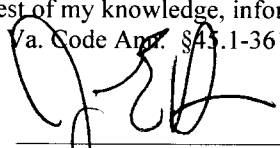
By: 

Petitioner

Address: Wilhoit & Kaiser
220 Broad Street
Kingsport, TN 37660

CERTIFICATE

The foregoing application to the best of my knowledge, information and belief is true and correct. Notice was given pursuant to Va. Code Ann. §43.1-361.19.


Petitioner



February 14, 2008

RANGE RESOURCES

Ms. Nikki Atkison
EQUITABLE PRODUCTION COMPANY
225 North Shore Drive
Pittsburgh, PA 15212

RE: **Permanent Split of Royalty**
VC-501826, VC-501827, VC-535625, and VC-536433
and any future CBM Wells
William L. Corn 35 Acre Lease
Dickenson County, Virginia

Dear Ms. Atkison:

I enclose a copy of a letter dated January 16, 2007, between Pine Mountain Oil and Gas, Inc., now Range Resources - Pine Mountain, Inc., and William L. Corn and Kimberly Corn, wherein the parties have agreed to a 75%/25% permanent split of escrowed royalty and all future royalty from the above wells and any other CBM wells that include a portion of the 35 acre lease. Please release the escrowed royalty to William L. Corn, Kimberly Corn, and Range Resources - Pine Mountain, Inc., and begin making all future payments to the parties pursuant to their agreement.

By copy of this letter, I am notifying William L. Corn and Kimberly Corn of Pine Mountain's action on this matter. If you have any questions or comments, please do not hesitate to contact me by phone at (276) 619-2644 or by e-mail at aedmisten@gl-energy.com.

Sincerely,

RANGE RESOURCES - PINE MOUNTAIN, INC.

Ann Edmisten, CLAS
Land Technician

Enclosure

cc: William L. Corn and Kimberly Corn
Wanda (PMOG) w/original enclosure
D. Louthian (PMOG) w/enclosure
P. Horn (PMOG) w/enclosure
D. Hall (EPC) w/enclosure (dhall@eqt.com)

**PINE MOUNTAIN
Oil and Gas, Inc.**

P.O. Box 2136
406 W. Main Street
Abingdon, Virginia 24212
Phone: (276) 628-9001
Fax: (276) 628-7246



January 16, 2007

Mr. and Mrs. William L. Corn
2707 Sweetbriar Road
Sophia, NC 27350

Re: Permanent Split of CBM Royalty
William Corn 35 Acre Tracts
VC-501826, VC-501827, VC-535625 and VC-536433 Wells
Dickenson County, Virginia

Dear Mr. and Mrs. Corn:

As you are aware, Equitable Production Company ("EPC"), has drilled the referenced coalbed methane gas wells on a tracts of land (the "Property" or "Subject Tract") in which Pine Mountain Oil and Gas, Inc. ("PMOG") owns the coalbed methane gas through its deed from the former coal owner underlying the Property and you own the gas. The above has created conflicting claims as to the ownership of the coalbed methane gas on the Subject Tract between ("PMOG"), as the owner of the coalbed methane gas through its deed from the former coal owner, and you, as the owner of the gas. Plats indicating the location of the wells within the operating units are enclosed for your reference.

Due to our conflicting interests in the Subject Tract, EPC, as operator of the unit, has placed all royalty proceeds attributable to our conflicting interests into an escrow account. These royalty proceeds will remain in the escrow account until either a final legal determination of our conflicting claims to the coalbed methane gas is made or we reach an agreement on the division of the royalty proceeds. The most economical and expedient way to secure a release of the escrowed funds is for us to enter into an agreement which sets forth how the funds are to be distributed. Accordingly, in order to avoid the expense and time required to resolve the ownership question through the courts, PMOG proposes resolving this matter by the agreement described below. Such an agreement will allow us to request distribution of the proceeds presently held in the escrow account and direct payment of all future proceeds.

PMOG proposes that you receive disbursement of 75% of the proceeds held in the escrow account on the above-mentioned wells and that PMOG receive disbursement of 25% of the proceeds held in the escrow account on the above-mentioned wells. PMOG proposes the same percentage division for all future production payments which may accrue to our conflicting interests from the above-mentioned wells. PMOG will, at its sole expense, pursue the administrative process required to secure release of the proceeds held in the escrow account and will absorb all future costs of administering this letter agreement. None of these expenses and costs will be deducted from your 75% of the royalty proceeds. It is also agreed that the royalty from any future coalbed methane gas

January 16, 2007

Page 2 of 3

wells drilled upon the subject tract or upon other lands in which the subject tract is pooled therewith will be permanently split in the same 75%/25% proportion.

If this division of proceeds is agreeable with you, PMOG will diligently pursue the administrative processes required to secure release of the proceeds in the escrow account to you and PMOG. You will be provided with copies of the correspondence to EPC, requesting distribution of the escrowed funds as well as the directive to EPC to pay all future royalties and other benefits attributable to our conflicting interests in the same 75% / 25% proportion.

This letter agreement effects a permanent division of the accrued, suspended or escrowed royalty payments and all future royalty payments on the above-mentioned wells and future wells which is binding upon you, your heirs and assigns and PMOG and its successors and assigns. By entering into this agreement, the parties agree to refrain from making any claim or bringing any suit against the other party attacking the other party's coalbed methane interests set forth in this letter agreement. It is expressly agreed by the parties hereto that the division of the accrued, suspended or escrowed royalty payments and all future royalty payments on the above-mentioned well shall remain subject to this letter agreement, regardless of any subsequent judicial determination of ownership of coalbed methane in the Commonwealth of Virginia. Provided, however, nothing contained in this letter agreement shall change or alter the parties' common law rights and liabilities or the legal title to their respective coal and gas estates.

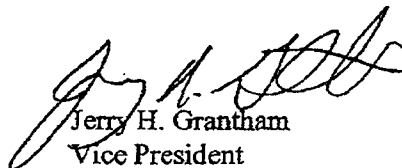
By entering into this letter agreement, you confirm that you are the current record title owner in the gas estate underlying the tract attributed to William L. Corn on the enclosed plats. If you are not the current gas owner, please notify us immediately.

By accepting the terms and conditions of this letter agreement, you are directing EPC to disburse royalties in accordance with this agreement. It is understood and agreed that no other terms or conditions of your lease with EPC are affected by this letter agreement.

Please evidence your agreement to these terms by signing this letter agreement on the line indicated below and returning this letter agreement to PMOG in the enclosed self-addressed, stamped envelope. If you have any questions, please do not hesitate to call Phil Horn at 276-619-2583.

Sincerely,

PINE MOUNTAIN OIL AND GAS, INC.



Jerry H. Grantham
Vice President

Enclosures

January 16, 2007

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BK 45796 295

AGREED TO AND ACCEPTED BY

BY: William L. Corn
WILLIAM L. CORN

Kimberly Corn
KIMBERLY CORN

PINE MOUNTAIN OIL AND GAS, INC.

BY: Jerry H. Grantham
JERRY H. GRANTHAM
VICE PRESIDENT

STATE OF NORTH CAROLINA

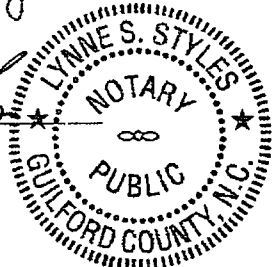
COUNTY OF RANDOLPH, to-wit:

I, Lynne S. Styles, a Notary Public in and for the State and County aforesaid, do hereby certify William L. Corn and Kimberly Corn, whose names are signed to the writing hereto annexed, have this day acknowledged the same before me, in said County and State.

Given under my hand and notarial seal this the 11th day of February, 2008, 2007.

My commission expires 10-26-2010.

Lynne S. Styles
Notary Public



COMMONWEALTH OF VIRGINIA

COUNTY OF WASHINGTON, to-wit:

I, Philip S. Horn, a Notary Public in and for the State and County aforesaid, do hereby certify that Jerry H. Grantham, Vice President of Pine Mountain Oil and Gas, Inc., whose name as such is signed to the writing hereto annexed, bearing date the 16th day of January, 2007, has this day, before me, in my said County acknowledged the said writing on behalf of said corporation.

Given under my hand and notarial seal this the 26th day of January, 2007.

My commission expires 1/31/07.

Philip S. Horn
Notary Public

Commission Expires 10-26-2010

BK 45796 296

**VGOB 04/01/20-1255
501826**

TRACT	Owner Name and Address	Split %	Owner Net Interest	Total Net Escrowed Interest	Total Amount in Escrow 01/31/2008	Owner % in Escrow	Owner's Amount in Escrow 01/31/2008
3 ②	William and Kimberly Corn 2707 Sweetbriar Road Sophia, NC 27350	75%	0.00403125	0.05583750	Bank Total - \$87,004.03 Equitable Amount - \$87,004.03	7.21961048%	\$ 6,281.35 \$ 6,281.35
3 ②	Pittston Company c/o Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart PO Box 5100 Lebanon, VA 24266	25%	0.00134375	0.05583750	Bank Total - \$87,004.03 Equitable Amount - \$87,004.03	2.40653683%	\$ 2,093.78 \$ 2,093.78

EXHIBIT "E"
VC-501826
Listing of Unleased Owners/Claimants Requiring Escrow

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
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Gas Estate Only

2	Joseph Kiser Jr. Heirs Unknown/Unlocatable 241640L	Unleased	39.53000000%	23.23
4	Samuel J.M. Kiser Heirs Unknown/Unlocatable 244792L	Unleased	0.840000%	0.4900
TOTAL GAS ESTATE			40.370000%	23.7200

CBM Estate Only

2	Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart PO Box 2136 Abingdon, VA 24212	Leased-EPC 241640.01 T2-131	39.53000000%	23.23
4	Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart PO Box 2136 Abingdon, VA 24212	Leased-EPC 241490.01 T-78 & T-79	0.840000%	0.4900
TOTAL COAL ESTATE			40.370000%	23.7200

INSTRUMENT #080001744
 RECORDED IN THE CLERK'S OFFICE OF
 DICKENSON ON
 SEPTEMBER 3, 2008 AT 01:02PM

RICHARD W. EDWARDS, CLERK
 RECORDED BY: TLC

VIRGINIA: IN THE OFFICE OF THE CLERK OF THE CIRCUIT COURT OF DICKENSON COUNTY, 09/03/2008. This deed was this day presented in said office, and upon the certificate of acknowledgment thereto annexed, admitted to record at 1:02 o'clock P.M. after payment of \$ 0 tax imposed by Sec. 58.1-802.

Original returned this date to:

Donne

BY:

TESTE: RICHARD EDWARDS, CLERK

28 Gell D. CLERK